



City of Lowell – Community Preservation Committee

Community Preservation Committee Meeting Minutes

Thursday, November 18 2021 6:30 p.m.

Conducted in-person and via zoom

Note: These minutes are not completed verbatim. For a recording of the meeting, visit www.ltc.org

Members Present

Adam Baacke, Chair
Eric Slagle, Vice Chair
Sinead Gallivan, Member
Sidney Liang, Member
Philip Shea, Member
Christine McCall, Member

Members Absent

John Linnehan, Member
Troy Depeiza, Member
Bradley Buitenhuys, Member

Others Present

Dylan Ricker, Assistant Planner

A quorum of the Committee was present. A. Baacke called the meeting to order at 6:41pm. Members attending remotely include, Member McCall, and Member Shea.

I. Minutes for Approval

10/28 Minutes

E. Slagle motioned, and P. Shea seconded the motion to accept the October 28, 2021 meeting minutes. The motion passed unanimously, (6-0).

II. Continued Business

III. New Business

CPA Application: 99 Church Street (First United Baptist Church), 01852

The First United Baptist Church has applied to the Community Preservation Committee seeking \$12,000 of CPA funds for a Historic Preservation project. The applicant proposes to use the funds to replace the cracked wooden wheel and clapper that allow the church bell to swing and ring.

The item was taken out of order at the end of the agenda at the request of the applicant.

On Behalf:

Sharyn Hardy, Applicant's Representative

S. Hardy stated that the bell was originally installed in 1827 and was made by the Boston Copper Company. S. Hardy said the wheel is crack and bell can no longer ring, the Church would like to fix the bell and the funding would help the Church complete this.

In Favor:

None

In Opposition:

None

Discussion:

E. Slagle stated that historic preservation restrictions must be attached CPA historic funds, and asked whether the Church was comfortable with a preservation restriction in perpetuity. S. Hardy said that was fine.

CPA Application: 21 W Adams Street, 01851 (Previously 452-456 Broadway Street)

Community Teamwork, Inc. has applied to the Community Preservation Committee seeking \$72,800 of CPA funds for a Community Housing project. The applicant proposes to redevelop the property at 21 W Adams Street into 24-30 single-occupancy units of affordable housing. The proposed units would be studio units serving the City of Lowell's homeless population. The CPA funding would be used toward pre-development costs for the project.

On Behalf:

Steve Joncas, Applicant's Representative

S. Joncas said that CTI has been working closely with the City to identify ways to implement the City's homelessness plan. S. Joncas said that CTI currently operates shelters which provide emergency housing for families, and added they intend to use the housing first approach with the proposed development. S. Joncas stated that the proposed model was developed by MHSA, and it utilizes modular construction of single room occupancy units. S. Joncas noted that the model has been used by SMOC (Southern Middlesex Opportunity Council), and the Worcester Housing Authority in Massachusetts. S. Joncas said the goal of the funding request is to complete pre-development plans and permitting to make the project more competitive for additional funding. S. Joncas stated that the applicant is in conversations with property owner who would assist in the development and have granted the applicant permission to seek CPA funds. S. Joncas noted the project addresses a critical need for the City and they are hopeful to receive funding as resources are difficult to come by at this stage of the development.

In Favor:

None

In Opposition:

None

Discussion:

S. Liang stated that he will recuse himself as he is on CTI's Board.

E. Slagle asked about the goal of the project and noted there would need to be a permanent affordable housing restriction on the units held by the City. E. Slagle stated that even though the funding is for pre-development costs, the funds are tied to the units and if they are not created then funding would need to be repaid. S. Joncas said this could be worked out in the grant agreement and added that CTI supports the permanent affordability restriction on the property.

A. Baacke asked about the proposed Chapter 40B permitting pathway, and noted there would be risk going this route. S. Joncas said CTI is in discussions with legal counsel about the applicability of the Dover Amendment to resolve the Zoning issue. S. Joncas added that residents of the housing would receive supportive services which may make the Dover Amendment applicable.

CPA Application: Acre Crossing, 01854

Acre Crossing, LLC has applied to the Community Preservation Committee seeking \$760,000 of CPA funds for a Community Housing project. The applicant proposes to utilize the funds at their Acre Crossing development located at 23 Cabot Street; 616-666 Merrimack Street, and 589-639 Market Street. The funds will be used to assist in the development of 32 two- and three-bedroom condos for first-time homebuyers with incomes between 70% and 100% Area Median Income.

On Behalf:

Francey Slater, Applicant's Representative

F. Slater clarified that the subsidy would be for 17 affordable units. F. Slater stated the project is a mixed use development and the CPA funds would be used for only the affordable residential component. F. Slater said the development includes 2 and 3 bedroom units. F. Slater said the estimated cost for housing only is \$15.9 million, and estimated the cost per unit to be \$455,000 to \$584,000. F. Slater said they are working to obtain various state subsidies to lower the final cost of the units. F. Slater stated that the Commonwealth Builder program could supply a significant portion of the funding, the program is for affordable units, and require a 15 year affordability restriction, and noted they are currently applying. F. Slater added their Commonwealth Builder application is near the maximum possible award and it is a competitive program. F. Slater said a 15 year affordability restriction, and local match are required of applicants which is why they are seeking CPA funds. F. Slater said the units would be offered in conjunction with other affordable housing programs. F. Slater said with the state subsidies the units total cost would still be out of reach for low- and moderate-income households, and added this is why they are seeking the CPA funds. F. Slater stated the funds would be used as down payment assistance for buyers earning 70%-90% AMI. F. Slater said that MVHP would administer the down payment assistance program. F. Slater said it would be ideal to have flexibility with CPA funds to allocate funds according to incomes, family sizes, and the units buyers are interested in. F. Slater said that the CPA funding could leverage \$4.8 million in Commonwealth Builder funds, and this funding would make their application more competitive. F. Slater noted that without CPA funds the subsidized units would be out of reach for most families. F. Slater said they anticipate the development will begin construction in March 2022 with an 18 month timeline. F. Slater added that affordable homeownership would benefit the neighborhood and noted that homeowners tend to invest more in their neighborhoods.

Steve Joncas, Applicant's Representative

S. Joncas said that given the volatility of construction costs and availability of materials is a concern for these developments and demonstrate a need for flexibility in the allocation of CPA funds. S. Joncas said the applicant completed market research on the development with the conclusion that there was a need for affordable housing and demonstrated a clear demand for the housing.

In Favor:

None

In Opposition:

None

Discussion:

P. Shea asked whether there will be an HOA associated with the development. S. Joncas confirmed this and said they would be responsible for bringing on a property management firm to take care of the units.

S. Gallivan asked whether the full \$760,000 will be applied to the down payment assistance program. S. Joncas said the funding would go toward the down payment assistance program.

E. Slagle asked whether the applicant is able to have their funding phased. S. Joncas said the applicant is amenable to phased funding given the construction time frame is 18 months. S. Joncas said that local approvals and funding are pre-requisites for their state funding application.

E. Slagle asked what type of flexibility the applicant was seeking with CPA funds. E. Slagle said the City is essentially purchasing affordable units with CPA funds. E. Slagle asked if the applicant is seeking flexibility with the types of units they restrict as affordable. F. Slater confirmed this. F. Slater added the applicant is seeking flexibility to use the funds for households at different income levels. F. Slater said the funding would go toward 23 units between 70% and 90% AMI. E. Slagle stated the Committee would like assurances that a mix of unit sizes would be restricted as affordable. F. Slater said they would defer to the MassHousing income limits for affordability standards. F. Slater said a grant agreement could provide more clarity into how the funds will be spent.

E. Slagle said he is looking for something closer to a permanent affordability restriction than a 15 year restriction. F. Slater said that the shorter affordability restriction allows the homeowner to build generational wealth at a greater rate than a restricted unit. E. Slagle stated that the applicant is seeking roughly \$31,000 in a direct subsidy per unit, and added he would be interested in what the value of a 15 year affordability restriction is on a unit. E. Slagle stated an appraiser may be able to determine this value. S. Joncas said it would be difficult to determine. E. Slagle said it would be helpful to have this information.

A. Baacke said this program is similar to an additional down payment assistance program from MVHP which has applied for CPA funds. A. Baacke asked whether a household could use both programs, if funded, for the project and how that relates to CPA goals. F. Slater said residents are lucky to have these resources and said since MVHP will administer the funding they would be able to direct residents to which programs they are eligible for. F. Slater stated that potentially the amount of funding per recipient would be reduced.

A. Baacke asked whether funding could be presented as a soft loan rather than a grant, as a loan this would allow the CPA pool to be replenished. S. Joncas said that if the CPA funds had an interest rate it could impact a household's monthly payment. S. Joncas said it could be structured like other state programs which do not have principal or interest payments. S. Joncas added that MassHousing's program requires funding be repaid upon sale of the unit.

A. Baacke asked what role Jeanne D'Arc is playing in the application. S. Joncas said that Jeanne D'Arc's portion of the project includes the office building and parking deck which provides 160 spaces. S. Joncas said the upper deck would be used for the retail portion and residential portions of the project. S. Joncas added they are working closely with the developer to ensure the resources are allocated in a way the housing portion successful.

A. Baacke asked whether Jeanne D'Arc is considering offering low-interest loans to recipients. S. Joncas said they are aggressive in their mortgage program and are interested in ensuring the project is a success.

CPA Application: OnePlus Lowell

The Merrimack Valley Housing Partnership has applied to the Community Preservation Committee seeking \$500,000 of CPA funds for a Community Housing project. The applicant proposes to create an affordable homeownership program in Lowell based on the OnePlus Boston program. The program would use CPA funds to provide interest rate discounts on 30-year fixed mortgages for low- and moderate-income, first-time homebuyers. The program would assist eligible homebuyers in the purchase of market-rate and higher priced deed-restricted properties.

On Behalf:

Cathy Mercado, Applicant

C. Mercado said MVHP is seeking \$500,000 of CPA funds for a new homeownership program which has been implemented in the City of Boston. C. Mercado said the One+ Boston program has led to 133 closed loans. C. Mercado added that this program makes homeownership available to more low- and moderate-income households. C. Mercado stated that many community members are rent burdened and pay more in rent than a mortgage payment. C. Mercado said the goal of the program is to create generational wealth through homeownership. C. Mercado said the program works by buying down the interest rates of loans to make mortgage payments more affordable to participants, and added there would be no PMI. C. Mercado said the total number of participants that may be assisted with the funding will depend on the income level of recipients and their need. C. Mercado said the One+ program will help Lowell residents purchase homes across Lowell.

Jim Wilde, Applicant

J. Wilde said that MVHP has helped nearly 20,000 families via their homeownership training, and the programs have had a significant impact. J. Wilde noted that 1 out of every 14 homes bought in Lowell were purchased by an MVHP graduate and their buyers have extremely low default rates. J. Wilde explained MVHP's successes assisting low- and moderate-income families purchase homes in Lowell. J. Wilde said typical homeownership programs have become less effective due to program restrictions and the current housing market and noted CPA funds have fewer restrictions.

In Favor:

Isabel Cruz

I. Cruz said she works on the MHP homeownership team which administers the One mortgage program. I. Cruz said many low- and moderate-income families have utilized their programs. I. Cruz stated that many Lowell residents are rent burdened and homeownership provides an opportunity to impact this. I. Cruz said that borrowers do not have to make significant down payments. I. Cruz said the program will help the City meet its goal of improving access to housing and improve affordability in Lowell.

Elliott Schmeidl

E. Schmeidl stated he works on the MHP homeownership program. E. Schmeidl said studies have shown affordability and down payments are the main barriers preventing low- and moderate-income households from purchasing homes. E. Schmeidl said the One+ program offsets these impacts and helps eligible people afford homes. E. Schmeidl added there is a major racial homeownership gap and this program helps address this disparity.

In Opposition:

None

Discussion:

S. Gallivan asked how long it would take to start up the program if funds are received and asked how the program would operate for and how many families it would impact with the proposed funding. C. Mercado said the program could go live in June 2022, and said she believes the funds would go quickly, but is unsure of the exact timeline.

E. Slagle asked whether One+ Boston was funded via the CPA. C. Mercado confirmed this. E. Slagle asked about the purchase of deed-restricted properties and asked whether this was a requirement, or whether the affordability requirement was met by the restriction on income level for participants. C. Mercado said there could be a restriction to keep properties affordable for a time period like 10-15 years and if the property is sold within a certain time period, the purchased would need to repay the funds to the City, if they stay the funds should not have to be repaid. C. Mercado said deed-restrictions are important but they also have a goal of creating generational wealth.

E. Slagle agreed that it is important to help low- and moderate-income households generate generational wealth. E. Slagle asked how the grant agreement would be structured, and whether a target number of homeowners assisted will be set and whether there will be a restriction on recipients' incomes. C. Mercado said there should be an income restriction of up to 100% AMI. C. Mercado added that home funds are restricted for incomes up to 80% AMI, but 100% AMI can maintain an affordability aspect. C. Mercado said they would likely need to return to request more funds in the future, and said MVHP would set a goal of targeting a certain number of families and added the biggest benefit is the interest rate buy down.

A. Baacke asked how the down payment assistance is calculated. C. Mercado said it depends on the sales price and closing costs. A. Baacke asked for more clarity on the formula used. C. Mercado said it is based on sales, how much the buyer puts down, and the closing costs, adding that the calculator determines the amount of down payment assistance the participant is eligible for. C. Mercado noted the funds help with some closing costs, and noted that MassHousing waives PMI.

A. Baacke asked whether the program would work if it was structured as a loan program in some way. C. Mercado said in the long-term buyers should not have to repay the CPA funds. C. Mercado stated that buyers will be repaying the City via taxes, and said that if buyers sell the property before the restriction ends then the funds should be repaid.

A. Baacke noted that funding is limited but what is available this year is more than will be available in subsequent years. A. Baacke said that the CPA's ability to be the sole source of funding for the program is limited. C. Mercado said MVHP will work with DPD to find ways to make the program successful. C. Mercado stated that current homeownership programs are not as effective given the current housing market.

E. Schmeidl explained the recapture provisions used with One+ Boston. E. Schmeidl said the interest rate buy down is calculated first and then the down payment assistance is determined. E. Schmeidl said the buyer is never on the hook for the buy down, this transaction is between MHP and the lender. E. Schmeidl stated that if the buyer sells prior to 5 years then the lender repays a portion of the interest rate buy down for the unpaid months. E. Schmeidl added the down payment assistance is recapturable if the participant does not own the property for at least 10 years.

CPA Application: Downtown Lowell Building Restoration Loan Fund

The Lowell Development and Financial Corporation has applied to the Community Preservation Committee seeking \$1,000,000 of CPA funds for a Historic Preservation Loan Fund. The applicant proposes to use the CPA funding to create a loan fund that will be used to lower interest rates, and provide other incentives for Downtown developers with the goal of offsetting costs for the restoration and preservation of historic Downtown buildings. The funding will be used primarily for historic preservation, but may also be used for Community Housing projects.

On Behalf:

Allison Lamey, Applicant

A. Lamey said the LDFC intends to set up a loan fund to fund projects in the Downtown Lowell and National Park historic districts. A. Lamey stated the goal is to meet the CPA goal of assisting in the redevelopment of historic properties. A. Lamey said that substantial financial challenges make these redevelopments difficult, and the loan fund seeks to make theses more viable. A. Lamey stated the LDFC has experience managing similar loan funding pools, they administered a federally appropriated loan pool for 20 years which supported the rehab of 23 historic properties in the Downtown Historic District; this program was dissolved in 2018. A. Lamey said they will be raising their own funds to support the fund as well, and added that applicants will be referred via DPD or local banks. A. Lamey said they are amenable to requiring preservation restrictions for properties receiving funds and amenable to the City approving eligibility for specific projects. A. Lamey noted that all projects will comply with the City Historic Board and National Park architect to ensure projects are up to historic standards. A. Lamey said 100% of the funds will be used for historic

projects to attract developers via flexible loan terms, or interest rate buy downs. A. Lamey said the goal is to provide an incentive to developers for exterior work. A. Lamey stated that funds will also be used to attract investors via a loan loss reserve to mitigate some risk for lenders. A. Lamey said they would work with city staff to ensure this is eligible or complete this in a way which is eligible. The proposed spending break down would be \$500,000 for a loan loss reserve fund, and \$500,000 for loan incentives. A. Lamey stated they are continuing to work with lenders on details for the project and the loans would be structured as 2 year constructions loans which would refill the funds as they are repaid.

In Favor:

None

In Opposition:

None

Discussion:

E. Slagle noted the loan fund would begin in 2022 and asked whether could be phased. A. Lamey said she expects 1-2 projects could be completed in 2022 and they have had informal conversations with developers. A. Lamey said they are open to phased funding since the full amount is not likely to be used entirely in year 1.

E. Slagle said assuming 2 projects, what would be a reasonable amount to ensure the projects would be supported. A. Lamey said that it is not clear, but based on the financing piece, they could accept \$200,000 to \$250,000 but it is unclear based on the unpredictable scale of the projects.

E. Slagle asked if the loan loss reserve is ruled ineligible for CPA funds, will the project still move forward. A. Lamey said they would still move forward with the program, but lenders prefer the loan loss reserve due to the riskiness of projects. E. Slagle stated the CPC would need legal guidance on the eligibility of the loan loss fund, and requested the CPC get a legal opinion from the Law Department. A. Lamey agreed this would be helpful.

A. Baacke asked whether if the loan loss reserve fund is ineligible how it will impact funding requirements for participants. A. Lamey said this would change investments from lenders. A. Lamey added she is roughly halfway to raising the full \$10 million for the loan fund and noted that lenders are committed to the program and they are confident the program will succeed regardless.

A. Baacke noted CPA rules are particular regarding how funds are spent and there likely needs to be continued CPC involvement in the fund beyond funding. A. Baacke said that in order to be eligible the CPC would need to approve projects. A. Lamey agreed and said the only concern is the timeframe for the approval and how it may impact financing. A. Baacke said the CPC will meet throughout the year and at worst the wait would be 2 months.

A. Baacke asked whether there is a minimum or maximum size of funds available through the program. A. Lamey said there would be no cap and based on previously supported projects the minimum would likely be around \$500,000 and maximum would be several million dollars.

S. Gallivan asked whether any funds would go toward administrative costs. A. Lamey said they will charge a commitment fee to applicants to cover legal fees, and loan servicing fees, etc.

E. Slagle said one concern is conflating Historic Preservation and Community Housing and asked whether A. Lamey is comfortable with the funds being used solely for Historic Preservation. A. Lamey agreed and said this would simplify the loan fund and is preferable.

IV. Other Business

Election of Officers

C. McCall motioned, and E. Slagle seconded the motion to continue the election of officers to the December 16, 2021 CPC meeting. The motion passed unanimously, (6-0).

V. Notices

VI. Further Comments from Community Preservation Committee Members

VII. Adjournment

P. Shea motioned, and C. McCall seconded the motion to adjourn. The motion passed unanimously, (6-0). The time was 8:36pm.